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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the matter of)

)
Amendment of Part 20 and 24 of the)
Commission's Rules --Broadband)
PCS Competitive Bidding and the)
Commercial Mobile Radio Service)
Spectrum Cap)

WT Docket No. 96-59

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)
Amendment of the Commission's)
Cellular PCS Cross-Ownership Rule)

GN Docket No. 90-314

Comments of Conestoga Wireless Company
concerning Notice of Proposed Rule Making

Submitted: April 15, 1996

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I. Introduction

Conestoga Wireless Company is pleased to comment on the Notice of Proposed Rule Making concerning the rules governing the auction of remaining broadband PCS licenses.

Conestoga Wireless Company is a limited liability company founded in March of 1995 to participate in the broadband PCS C Block auction to acquire 30 MHz licenses in Central and Eastern Pennsylvania. Conestoga Wireless qualifies as a small business and rural telephone company under the Commission's designated entity definitions. The purpose of our submission is to make respectful comments concerning the auction process and associated F Block rule structure that might best serve the needs of designated entities and meet Commissions' objective for small businesses to meaningfully participate in the deployment of new broadband telecommunication services.

II. Background

Conestoga Wireless participated in the C Block 30 Mhz auction and elected to stop bidding when high license prices exceeded upper limits outlined in our business plans. Our target markets in Eastern Pennsylvania drew formidable competition from several auction entities including NextWave and Omnipoint. With the C Block auction in its final phase, aggregate license price exceeds \$10 Billion. At the end of round 95, it is alarming to note that 5 designated entities held 67% of the population, 27% of the BTA's and 68% of the license dollars.

Through the comment process, it is important that participants use the experience afforded by the C Block proceedings to shape future opportunities for all those described as designated entities. It is critical that small businesses have a realistic chance to acquire radio spectrum at values in a realistic range for groups that meet the revenue and asset criteria set by the commission for the C and F Block auctions.

III. Comments

We are concerned that the guidelines established for the C Block (small business) designated entities have been easily circumvented to enable certain parties to dominate the C Block proceedings with apparent financial resources that far exceed the definition of a small business entity.

Accordingly, we respectfully submit the following comments concerning the structure of future broadband auctions.

1. The Commission should change F Block benefits to race and gender neutral similar to C Block auction.
2. The D, E, and F Block auctions should be held concurrently to afford license ownership at the earliest possible date. There should not be a single auction for all three blocks. There should be separate auctions with designated entity provisions applied to the F Block only.
3. The financial eligibility threshold for the F Block auction should not be changed; It should remain at 500M total assets and 125M for annual revenues?
The C Block winners should only be allowed to participate in the F Block proceedings if they continue to qualify as a designated entity (including their C Block license value).
4. F Block small business participants should be able to exclude from attribution any affiliates that qualify as entrepreneurs by having under 125M in revenues and 500M in assets and whose total assets and revenues do not exceed these amounts.
5. The Commission should provide for installment payment plans as in the C Block auction based solely on financial size.
6. The F Block auction should have the same bidding credit provisions that were developed for the C Block proceedings.
7. The Commission should adopt the new definition for " rural telephone company" as stated in the Telecommunications Act of 1996?
8. The commission should lower the installment financing provisions (upfront payment, down payments) to reflect the expected lower value for 10 Mhz licenses.
9. The Commission should not amend the license holding requirement for the F Block to enable winners to transfer their license to any entity that qualifies as an entrepreneur

during the first three years. This would promote speculation not the development of wireless operations by small business.

10. There should be restrictions on the amount of spectrum owned by business to prevent concentration of spectrum ownership by a few entities. The PCS/ cellular cross-ownership rule, which acts as 35 Mhz spectrum cap for cellular licensees, should be sustained as well as the 45 Mhz cap on all CMRS spectrum and the geographic 40 Mhz cap for all entities. These limits do not appear capricious and set reasonable ownership limits. Cellular operators have been given an opportunity to provide wireless service. Small businesses should be given an opportunity to compete by acquiring at least 10 Mhz of spectrum.

11. In order to enforce the cellular/ PCS cross-ownership rule the commission has defined cellular ownership as having 20% or more of the equity, or outstanding stock, or outstanding voting stock of a cellular entity. Small businesses and rural Telephone companies had a 40% attribution standard in the C Block auction. These standards should govern the F Block auction. Limited ownership in cellular entities by companies that do not have wireless operations should adversely affect their chance to acquire broadband spectrum.

IV. Conclusion

Facing our last remaining opportunity to participate in spectrum license ownership, we would like to see small business definitions enhanced to ensure the full participation of the designated entity as originally conceived by the Commission (small business, Rural telephone companies and minorities).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W.D. Chamblin III", with a long, sweeping horizontal line extending to the right.

William D. Chamblin III
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